



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE MAIL OPERATIONS

M. J. AMIKE® FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

MEMORANDUM

Date: December 9, 2001
To: Messenger Customers
From: Steve Bice, Manager
RE: FY 2002-2003 Messenger Rate Increase

Beginning with the 2002-2003 fiscal year, the Office of State Mail Operations (OSMO) will increase the fee charged for providing Messenger Service to your agency. Effective July 1, 2002, the annual fee will increase from \$2,150 to \$2,500. This fee represents our charge for providing two drops daily to the same location and is necessitated by operating cost increases. This fee adjustment will enable State Mail to breakeven on messenger service and continue to operate at current levels.

Messenger Service allows an agency to ship correspondence to (and receive mail from) other agencies without paying a per-item postage fee or shipping charge. This year, we are providing Messenger Service to over 180 stops per day. These stops include a majority of the state agencies that are located within Baton Rouge's city limits.

This is the first Messenger Service rate increase OSMO has issued since 1996. For comparison, some interesting facts are listed below for your consideration.

- Between 1995 and 2001, the United States Postal Service (USPS) changed rates four times. Two of the four increases occurred during 2001.
- The Postal Service has submitted a fifth rate proposal that mailers expect to incur next year.
- Expedited carriers (UPS, FedEx, etc.) historically increase their charges during the first quarter of every year.
- UPS enacted a "fuel surcharge" when gasoline prices increased, but they have failed to withdraw the charge since fuel charges have decreased.
- Because messenger staff delivers most correspondence within 24 hours of receipt OSMO's messenger service delivery performance is comparable to the delivery of most carriers' Same Day or Next Day service.

For less than \$9.50 a day, OSMO's messenger staff picks up and delivers your agency's interagency mail twice daily. \$9.50 per day is much cheaper than comparable USPS or expedited carriers' fees for Same Day or Next Day services. Multiply those rates by the number of packages your agency sends daily and we think you will agree, our new rate continues to represent an excellent value.